

# AUDIT COMMITTEE

## Refreshed Risk Management Policy

22 March 2023

### Report of Chief Executive

#### PURPOSE OF REPORT

To update the Audit Committee on the progress made on centralising strategic and operational risk management and to approve the council's refreshed Risk Management Policy.

**This report is public.**

#### RECOMMENDATIONS

1. The Audit Committee note the progress made in centralising strategic and operational risk management, undertaken in response to the Risk Management Review July 2022.
  2. The Audit Committee review and approve the refreshed Risk Management Policy – March 2023, as shown as appendix A.
- 1.0 Risk Management Review follow up**
- 1.1 The council's Internal Audit team undertook a review of Risk Management, the findings of which were published in July 2022.
  - 1.2 As a result of the findings, an action plan was produced to implement the recommended improvements.
  - 1.3 Progress to date includes:
    - Centralisation of strategic and operational risks into the Grace risk management system.
    - Training on the use of the Grace system provided to risk owners and risk action plan owners.
    - Alignment of departmental approach to risk.
    - Review of risk management reporting processes.
    - Creation of reference materials on the topic of risk for officers to use, including intranet pages and a Grace system user guide.
    - Refresh of the Risk Management Policy.
  - 1.4 A further Audit to assess the success of the improvements will be undertaken starting in March 2023.

## 2.0 RISK MANAGEMENT POLICY

2.1 The risk management policy has been redrafted to incorporate the following improvements:

- Change of format, to make the document easier to read.
- Further references made to the Grace risk management system (now it is in use).
- Clarification on the monitoring and reporting process.
- Inclusion of a project risk definition.
- A new section added on Risk Appetite.
- Updated roles and responsibilities, to reflect the council's current structure.

## 3.0 DETAILS OF CONSULTATION

3.1 Individuals and Service Heads whose areas of responsibility involve the risk management activity have been consulted.

## 4.0 OPTIONS AND OPTIONS ANALYSIS

4.1 Recommendation 1 requests the Committee note progress to date in centralising strategic and operational risk management. As no formal approval is required so the Committee may choose to note or not as they wish

4.2 The options that Audit Committee Members might consider in relation to recommendation 2 of this report are:

- a) To approve the draft policy as submitted, or with any amendments suggested by the Committee
- b) Not to approve the policy.

4.3 Options analysis, based on associated risks and opportunities in respect of recommendation 2 is set out in the following table:

<b>Risk/ Opportunity</b>	<b>Option A – Approve Policy</b>	<b>Option B – Do Not Approve</b>
Failure of the council to meet requirements in identifying and responding to risk management	Adoption of the policy defines, in accordance with proper practice, the council's approach to risk management	Without a formal policy statement, the Council's response is likely to be inconsistent
Failure of services and individuals to meet expectations around risk management	The policy and guidance provide the framework for ensuring that services and individuals are aware of their own responsibilities in regard to risk management	Individuals are unlikely to be aware of their personal responsibilities
Significant risk of financial and reputational loss to the council from failure to manage its risks effectively	The policy is aimed at establishing procedures within the Council to enable risks to be more fully understood and managed	Exposure to the risk of financial loss is likely to be poorly understood and managed

4.4 The preferred option is option a at paragraph 4.2.

## 5.0 CONCLUSION

- 5.1 Recent changes to the Council's management structure and the review of the Council's existing Risk management arrangements presented an opportunity for the Council to reset and strengthen its commitment to Risk management. Approval of the proposed Policy provide the framework for this commitment to be implemented and fulfilled.

## APPENDICES

Appendix A – Refreshed Risk Management Policy 22.03.23

<b>CONCLUSION OF IMPACT ASSESSMENT</b> <b>(including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):</b>	
No direct impact arising from this report, which provides a copy of the council's refreshed Risk Management Policy.	
<b>LEGAL IMPLICATIONS</b>	
No direct legal implications arising from this report.	
<b>FINANCIAL IMPLICATIONS</b>	
No direct financial implications arising from this report.	
<b>OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces</b>	
No direct resource implications arising from this report.	
<b>SECTION 151 OFFICER'S COMMENTS</b>	
The Section 151 Officer has contributed to this report in his role as Head of Financial Services, including responsibility for Internal Audit.	
<b>MONITORING OFFICER'S COMMENTS</b>	
The Monitoring Officer has been consulted and has no further comments.	
<b>BACKGROUND PAPERS</b>	<b>Contact Officer:</b> Chief Executive
Appendix A: Risk Management Policy - March 2023	<b>Telephone:</b> 01524 582501
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	<b>Ref:</b> N/A